Impact of Euro Currencies on Indian Economy

97. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state the likely effect of the introduction of Euro currencies on the Indian currencies and its overall impact on the Indian economy according to the analysis made by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): European countries in the Euro-currency area account for a major share in India's trade and investment. The major positive implication of Euro on business is the reduction in transaction costs and elimination of exchange rate uncertainty. With the introduction of a common currency, the Indian importers and exporters may benefit as they have to hedge risk only in one currency, the Euro, instead of multiple currencies. This will clearly reduce their costs of risk monitoring and hedging. Importers will benefit from being able to compare prices more easily between eurozone countries and select on price. Exporters will have to harmonise selling prices in different markets. Travellers to eurozone will save exchange in costs associated with conversion and reconversion of the national currencies. Indian companies will be able to enter one coherent market free from impediments to internal trade with an impressive growth potential. Selecting a business location in Europe will be easier for Indian companies as exchange rate considerations no longer matter for the choice of the right business location.

Impact of Enron Collapse on Financial Investments

98. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state what is the overall fallout on the financial institution's investment in Enron with its collapse and the measures taken by Government to ease the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): Financial Institutions *viz.* IDBI, ICICI, and IFCI alongwith some banks have taken exposure in Dabhol Power Company (DPC), an Indian Company in which Enron Corporation of USA has, indirect interest. IDBI, the lead institution